Robert Powell (1993), "Absolute and Relative Gains in International Relations Theory"

❖ Powell sets up a more simplified model instead of using repeated games in explaining cooperation in international relations. Here Powell uses Prisoners' Dilemma, PD, that is played twice to represent repeated games. He tries to synthesize into a simpler model the structural realism's notion of relative gains and neo-liberalism's absolute gains. Powell's new model shifts the focus of analysis away from states' preferences to constraints. He argues that states' concerns for relative versus absolute gains are explicitly linked not to different assumptions about the states' preferences but to changes in the constraints facing the states.

❖ According to neo-liberalism, repeated games could generate cooperation because the games give each actor the ability to punish uncooperative behavior today with future sanctions.

❖ **Why is repeated game a poor model?** Although repeated games or the repeated PD provides the formal foundation for the neo-liberal institutional critique of structural realism's pessimistic assessment of the prospects for cooperation in anarchic systems, repeated games formalize structural realism's understanding of the international system and, especially the role of force in the system very poorly. Why? First, structural realism focuses on a system in which states have the option of using force if that seems to them to be in their best interest and in which the use of force may transform the system. However, repeated games do not allow the possibility that the use of force might change the system. This is because the international system, modeled as a repeated game, remains constant; nothing the actors do can change the system. Second, repeated games do not capture structural realism's main concerns about relative gains. Relative gains are, for structural realists, one of their main concerns because a state's relative loss to another state may be turned against it as that other state pursues its own ends. Nonetheless, the repeated game model assumes away this possibility. Actors presumably sustain cooperation in repeated games and a state's ability to induce the other state to cooperate is unaffected by any relative losses.

❖ **What's Powell's simple model?** In this model, states have the explicit option of using force if that seems to them to be in their best interest. Relative gains and losses also matter because they affect a state's ability to use force successfully to further its interests. *Please look at pages 222 to 225 in Baldwin (1993) for details of the game. I don't know how to compress it in here. I hope you don't mind.* ☺

❖ **What's good about Powell's model?** It synthesizes aspects of both structural realism and neo-liberal institutionalism. States are assumed to be attempting to maximize their absolute level of economic welfare in an anarchic international system in which an absolute gain but relative loss today can become an absolute loss tomorrow. Cooperation collapses in the model when the use of force is at issue, which is consistent with structural realism. However, if the cost of war is sufficiently high that the use of force is no longer at issue, then cooperation again becomes possible, which is in accord with neo-liberal institutionalism.

❖ Powell's simple model makes three new points that are relevant to international relation theory. First, it suggests that cooperation in some circumstances may be even more difficult to achieve than has been previously appreciated. Some agreements that offer

equal absolute gains – and therefore no relative gain – cannot be sustained in equilibrium. The reason is that cheating on the agreement would bring large relative gains. Second, the model offers a simple formal example showing that Waltz's notion of political structure is unable to account for important changes in the feasibility of international cooperation (see below). Thus variations in what Waltz takes to be the structure of the political system cannot explain the variation on the feasibility of cooperation in the model. Third, there is nothing theoretically special about the possible use of force. The concern for relative gains may characterize many domains, and a more refined understanding of the origins of this concern helps to identify them.

❖ **What's wrong with Waltz's argument?** Powell explains that three characteristics that define a political structure for Waltz: the distribution of capabilities, the functional differentiation or non-differentiation of the units, and the ordering principle remain constant and unchanged throughout Waltz's analysis. As a result, structural changes as Waltz conceives of them cannot account for the variations in the likelihood of cooperation. Powell points out that explaining the range of cooperative behavior requires a more detailed examination of the system's constraints than Waltz's definition of structure permits.

❖ Lastly, this model clarifies the relation between anarchy and cooperation. Anarchy does not imply a lack of cooperation. Rather two factors combined make cooperation difficult. The first is anarchy, defined as a lack of a common government that can enforce commitments. The second factor is that the system be characterized by a set of constraints that present the states with opportunities in which they can use relative gains to their advantage and to the disadvantage of others.